CEO PAY • THE TOP U.S. BUSINESSWOMAN • SHAKING UP BOARDS

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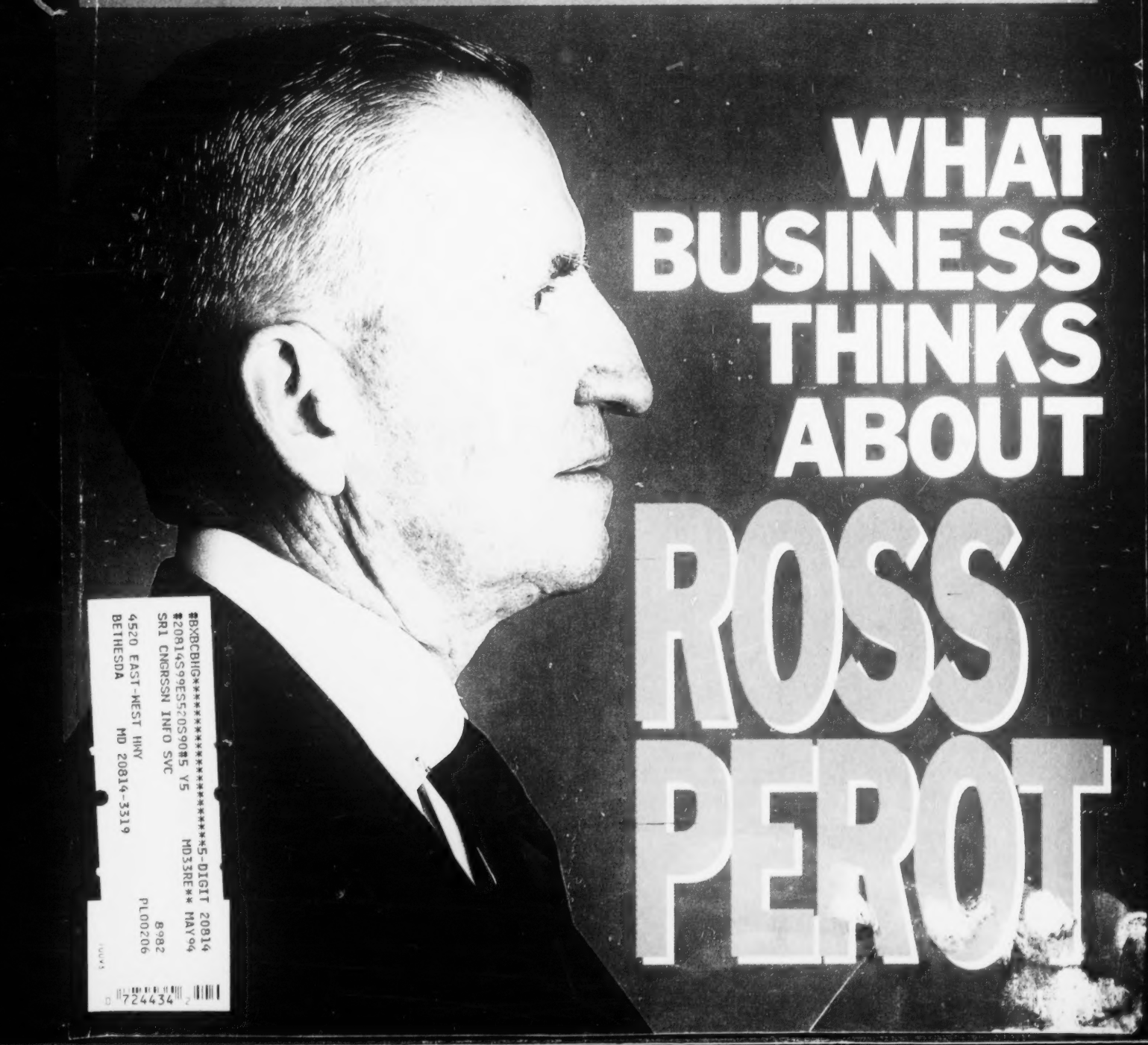
FORTUNE



WHAT BUSINESS THINKS ABOUT ROSS PEROT

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FORTUNE

"He made the Marine Corps look flexible. People would shiver in their boots. But he accomplished a tremendous amount in a very efficient way." 68

ABOVE: H. Ross Perot, chairman of Perot Systems, rehangs a painting presented to him by Vietnam vets for his efforts to secure the release of POWs. Photograph by George Lange.

COVER: Lange also took this photo of the man who would be President.

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As President? Not much, was the short answer to FORTUNE's poll of top CEOs. Although they'd like to see a businessman in the Oval Office, only one in ten would vote for him. But nearly half think he could get elected. *by Thomas A. Stewart*

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EDITOR'S DESK

A HIGH-TECH TRANSFORMATION

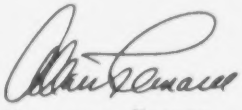
Manager Richard Sheridan and his staff of image makers at our editorial offices in Manhattan

HOW TECHNOLOGY is changing the world of business is one of our favorite topics, but until now we haven't told you what it has done for this magazine. As recently as 15 years ago, our writers handed in their manuscripts to a pool of typists. As editing progressed, the copy was typed and retyped (with up to ten carbons), sent out to a hot-lead typesetter, and returned overnight for corrections. The process was repeated until the copy was ready to be flown to our printer. Photos and charts followed an even lengthier path, going to engravers who took days to do their job.

The expertly skilled folks above represent our latest step in a high-tech transformation that has changed all that, bringing FORTUNE to you faster, closer to the news, and with more striking graphics than ever. Nowadays writers write, editors edit, and designers design on computers. Richard Sheridan's new imaging department, which began producing the magazine with the October 21 issue, scans photos electronically and merges them into a layout with written text. Film separations, which once took engravers five days to supply, now take the imaging department less than two hours. When everything is perfect, operators zap the pages in digital form to a transmission site, where they are sent by satellite to our printers.

This work takes place not in some remote location but in a space the size of a large living room right down the hall from where we editors sit. Proximity makes for teamwork. Designers can see pages being created on the computer screen and adjust them on the spot. "This saves time and improves quality," says Sheridan, "because we get it right the first time."

With Ross Perot outdrawing both George Bush and Bill Clinton in some polls, we wondered if his fellow business executives shared in that support. The answer, in Thomas Stewart's story (page 62), will probably surprise you—as will Alan Farnham's keen insights into what Perot's performance as a businessman tells you about what he'd be like as President (page 68).



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CRAIG MOLENHOUSE

HOW TO BEAT THE JOB MARKET ODDS

Faced with a stagnant job scene, unemployed managers, career changers, and freshly minted college graduates are finding new ways to hunt for work. Big corporations still look good to many, who flood human resources departments with résumés. IBM gets about one million a year. (See chart for other examples.)

But few experts expect any mass hiring by big outfits even though the economy seems to be recovering, and small companies are not picking up the slack as they used to—indeed, in the first three months of 1992 they let go more people than they hired. Clearly, job hunters need an edge. Here are techniques that some—like the newly graduated MBAs shown above—are using to beat the odds.

JUST-IN-TIME HIRING FOR RECENT MBAs

■ The University of Southern California's school of business has a just-in-time supply system to help its graduates find jobs. Like other B-schools, USC's gets calls for specific openings from small companies as well as the likes of **Avery Dennison**, **Mattel**, **Unilever**, and **UAL**'s United Airlines. Charlene Andres, assistant director of MBA career services, responds within three days with an appropriate candidate. This beats using a bulletin board. To keep customers happy, she even offers part-time workers.

Graduates who got jobs through this system include Hye Pin Im, 25, a business analyst (above, left), and Anne Morrison, 27, a sales strategist. Both women work 20 hours a week at a **Toshiba** subsidiary in Irvine, California. While the company gets to check them out, the women have the opportunity to look for full-time employment, at Toshiba or elsewhere. Says Im, who has broadened her sights a bit since starting work in January: "I'm now a little more open to opportunities that I would not have looked at before. But I've come this far and put in $21,000 for my MBA, and this job is a safe way to explore my options." **– Rick Tetzeli**

NORUNE CHART: SOURCE: HANDEN CONSULTING

GIVE YOUR RÉSUMÉ TO A COMPUTER

■ You don't have to be fresh out of college to hook up with this lead to finding a job. Provided you have a degree, **Skillsearch** of Nashville will offer a computerized version of your résumé to corporate clients like **Abbott Laboratories**, **Avon Products**, and **Southwestern Bell**. A score of colleges, including Duke, Kansas, and North Carolina, offer the service to their alums for $49. But any college grad can be part of the system for the same price.

Employers don't get the detail and precision offered by search firms, but they can save a lot of money. Skillsearch charges $375 per 12 résumés, culled from its computer database, that match some criterion set by the purchaser. The price was important to card retailer and manufacturer **Smokey's Sports Cards** (1991 sales: $21 million) of Las Vegas. CEO David Scheinman used Skillsearch to find managers willing to relocate to Nevada. Says he: "It would have cost me ten times more to use employment agencies and classified ads." The result? Three new hires, all graduates registered with Skillsearch who quit their jobs to take a step up. Kathleen Korzan, 32, of North Haven, Connecticut, is director of marketing; Gary Hernandez, 28, of Bloomfield, New Jersey, manager of retail operations; and Lee Morrison, 29, of Oklahoma City, warehousing director.

University Pro-Net in Palo Alto, California, runs a similar job bank. Clients include **Apple Computer**, **Citicorp**, **Microsoft**, and **Polaroid**. Standard fee: $10,000 for ten searches. Pro-Net handles only alumni of Stanford, Michigan, Berkeley, UCLA, MIT, and Carnegie Mellon, who pay $25 for lifetime membership. **– R.T.**

Morrison, Korzan, Hernandez: new jobs in Las Vegas

FINDING WORK VIA TRADING CARDS

■ Here's a new way to stand out in a crowded field. First-year marketing students at Washington University's John M. Olin School of Business in St. Louis are trying to hit home runs with prospective employers by sending them trading cards. These baseball derivatives feature the students in sporting gear on the front side and give their career highlights on the back. The photo shows Callaway Ludington, 27, who

Scum from Venice's lagoon: a tourist trap?

it's made from algae. They like to think that they're going home with a bit of our lagoon." **– Allison McCormick**

IPO BOOM, R.I.P.

■ In surfing there is a moment when a good wave is no longer catchable. Take off too late, and you find yourself drinking salt water.

That's the prospect facing hundreds of private companies hoping to ride the Big Wave of IPOs, or initial public offerings, that has been rolling through Wall Street for the past year. But the curl is fast collapsing. IPOs that debuted in 1992's first quarter, when a record $11 billion was raised by 169 companies going public, had fallen in price by about 4% as of May 19 according to Securities Data, a firm that tracks new issues. By contrast, IPOs done in the third and fourth quarters of last year trade at an average 19% above their issue prices. One reason: The flood of new stocks oversupplied money managers and other investors.

Falling prices are sending many private companies paddling back out to wait for the next wave or to find other sources of new capital. **Gulfstream Aerospace**, which builds corporate jets, and **Payless Cashways**, a building materials retailer that went private in 1988 in a leveraged buyout, both recently withdrew planned public offerings. Wipe out. Gulfstream is likely to try again when the IPO market strengthens. Payless won't comment on its next move.

Where does all this leave the about 200 private companies planning to sell $10 billion in stock by the end of June? Says Alan Radlo, who manages Fidelity's $1.1 billion OTC Fund: "The vast majority of the deals now scheduled simply won't ever get done." **– Ford S. Worthy**

HOW NEW STOCK ISSUES HAVE DONE

WINNERS	Offer price* (date)	High	Current price**	Percent change
Biospecifics Technologies Provides biological research services	$3.00 11/14/91	$16.50	$18.25	+508%
Royal Appliance Manufacturing Makes household vacuum cleaners	$7.75 8/6/91	$62.00	$40.00	+416%
Valley Systems Sells industrial cleaning services	$5.00 6/11/91	$27.00	$21.25	+325%
Grand Casinos Runs casinos on Indian reservations	$5.00 10/9/91	$24.25	$17.75	+255%
Lancit Media Productions Produces children's TV shows	$1.50 6/19/91	$6.00	$5.00	+233%
LOSERS				
Salton/Maxim Housewares Sells electrical appliances wholesale	$12.00 10/9/91	$12.75	$3.50	-71%
Repossession Auction Sells autos and trucks	$6.00 12/12/91	$7.75	$1.88	-69%
Koo Koo Roo Owns and runs restaurants	$5.00 10/15/91	$3.63	$1.63	-67%
Nutrition Management Services Operates weight-loss clinics	$5.00 1/29/92	$9.88	$1.63	-67%
Tocor II Develops pharmaceutical products	$40.00 1/21/92	$42.50	$13.25	-67%

*Adjusted for splits. **As of 5/19/92.

FORTUNE TABLE - SOURCE: SECURITIES DATA CO.

JAPAN BUYING MORE U.S. AUTO PARTS

■ During President Bush's January visit, the Japanese promised him that their automakers would double the purchases of foreign parts to $19 billion by 1995. Now it looks as if they meant it. A few of the some 250 U.S. manufacturers of hundreds of components like the shock absorbers **Tenneco** makes (see photo) have already booked new orders. **Simpson Industries** of Birmingham, Michigan, had a deal to ship **Toyota** 230,000 of a $20 device that dampens engine vibrations. Chairman Robert W. Navarre was delighted to receive a revised order for 450,000. Navarre is optimistic that U.S. companies can keep increasing their market share. For one thing, he says, an industry shakeout in the 1980s has strengthened the survivors to the point that they can compete globally in price and quality.

The traffic in other auto news has been heavy:

■ The Commerce Department determined that **Mazda** and **Toyota** have been dumping minivans on the U.S. market by selling them at breakeven prices. The companies deny it. If the International Trade Commission, a U.S. agency, decides this has hurt Detroit, the Japanese will have to pay duties of up to 12.7% on vans sold since December 20 and either continue to do so on future sales or raise prices by that amount.

■ The House subcommittee on

Tenneco makes shocks in Georgia.

trade began considering a bill that would require the Administration to negotiate a freeze on the sale of Japanese cars in the U.S.—imports and those made in transplants—at current levels unless Detroit sells more cars in Japan. Congress may pass the bill, but Bush is likely to veto it. **– Lee Smith**

NOW HEAR THIS

■ **SEEMA BOESKY,** 50-something, estranged wife of Ivan Boesky, on the moral to be drawn from the story of the Wall Street felon, whom she wed 30 years ago: **"Don't marry Ivan Boesky."**

■ **GREGG BOURLAND,** 35, chairman of the Cheyenne River Sioux tribe in South Dakota, on Hornell Brewing's naming its new malt liquor Crazy Horse: **"Imagine the outcry from the black community if a brewer were to market a liquor entitled Martin Luther King Beer, or from the Christian community for a Jesus Christ White Wine."**

By Terence P. Paré

HOW GOOD A DEAL IS YOUR 401(k)? MAYBE NOT AS GOOD AS YOU THINK

■ At first blush the 401(k) retirement plans offered by most large employers seem nearly impossible to improve on. As a participant, you get to contribute a chunk of your income before tax and then watch it grow in a tax-deferred account. Often the sponsoring employer will sweeten the pot by partly matching your contributions with a dash of its own. Now that's a great deal.

Or is it? With the Social Security system likely to grow ever more stingy, employees will be leaning even harder on their 401(k) proceeds to gild their golden years. Yet despite their obvious advantages, these plans have lots of shortcomings that keep investors from making the most of their money.

Many savings plans are downright confusing, and experts on benefits say the investment options are too limited. Choosing among the investments that are supposed to finance your retirement is more an act of faith than a reasoned decision. Says Richard Roberts, commissioner of the Securities and Exchange Commission and an outspoken critic of company-sponsored savings plans: "Participants have little or no information about the investment vehicles." You *can* get more out of your 401(k), but it will take extra effort, and some long-awaited changes in government regulations.

A 401(k) plan is now offered by most large U.S. employers. Together these plans hold more than $300 billion in retirement assets. Named for the section of the Internal Revenue Code that created them in 1978, typical 401(k) plans allow employees to shift up to 6% of their salaries before taxes into various investments, choosing from a menu provided by their company. Usually the employer matches part of an employee's contribution, commonly kicking in 50 cents for every worker dollar.

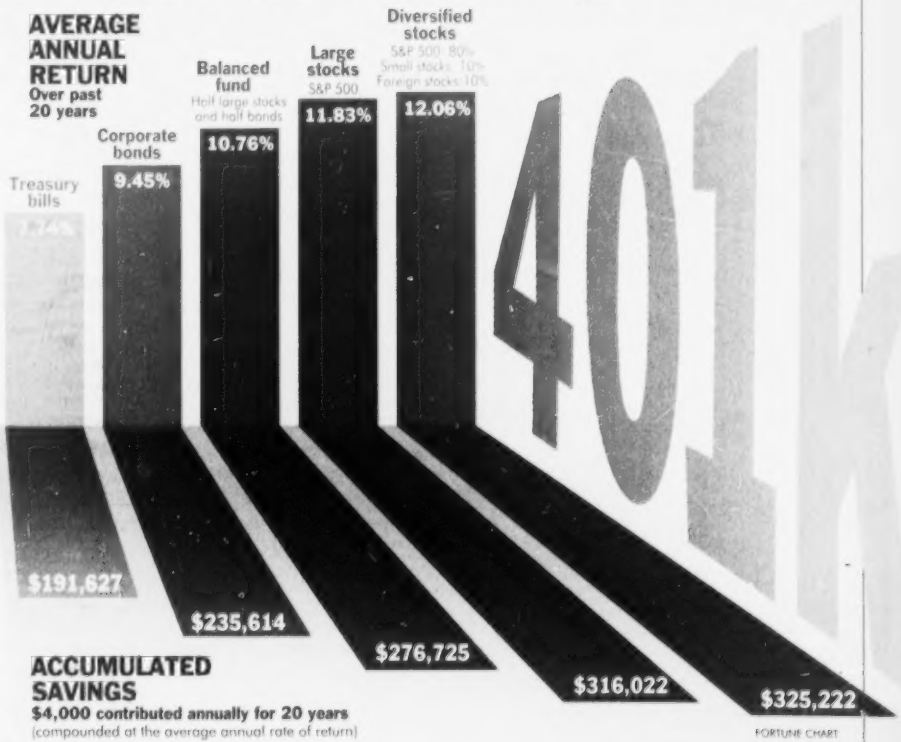
Once salted away, the money can grow unclipped by income taxes until you retire. Unlike the traditional pension, for which your employer guarantees a payout based on your years of service, what you get from a 401(k) depends solely on how much you put in and how well your investments perform.

The problem is that most contributors put too much of their money in safe but low-yielding bonds and guaranteed-investment contracts—known as GICs—and too little in stocks, which are riskier but over the long run pay you more for your money (see chart). According to a survey of 436 large companies conducted by Hewitt Associates, a Lincolnshire, Illinois, benefits consulting firm, employees put 60% of their contributions in GICs, bonds, and money market funds.

Compare that with how professional money managers invest pension funds, which simply do for corporate employees as a whole what your 401(k) does for you as an individual. The pros typically have over 55% of their money in equities and just 35% in bonds and cash. Result: Company pension funds outperform 401(k)s by about two percentage points per year, according to a recent study by Bankers Trust. *continued*

The SEC's Roberts: Lift the veil on 401(k) fees.

THE MANY WAYS YOUR MONEY GROWS



STATE OF THE MARKETS

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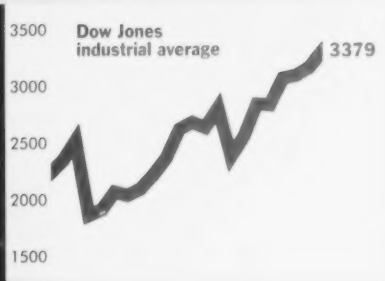

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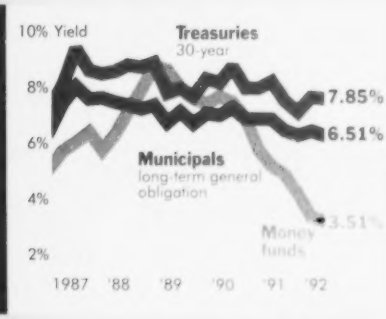

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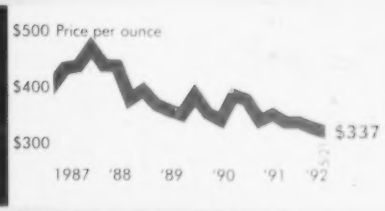
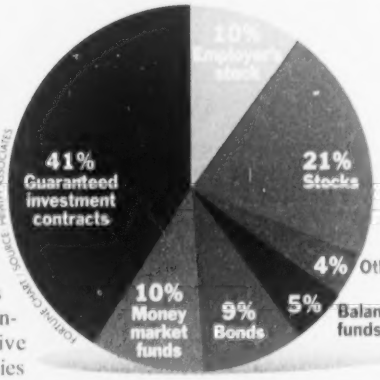


FORTUNE CHARTS. CHARTS SHOW END-OF-QUARTER FIGURES
*BASED ON EARNINGS FOR THE LATEST FOUR QUARTERS
SOURCES: STANDARD & POOR'S, BOND BUYER, IBC/DONOGHUE'S MONEY FUND REPORT, COMMODITY EXCHANGE



HOW FOLKS PLAY THEIR 401(k)

Most employees still sock too much of their savings in low-return money funds and guaranteed investment contracts.

One big reason that employees allocate their 401(k) assets so cautiously is that many have little choice. According to Hewitt, half the plans have three or fewer investment options. Five percent of the companies offered only one option. Says Robert Reynolds, president of Fidelity Institutional Retirement Services Co., which manages $30 billion in 401(k) money: "Without flexibility, you can't help but be more conservative."

That could change soon. The Department of Labor, which acts as watchdog over corporate retirement funds, has been revising the regulations governing 401(k) plans. The new rules, which could take effect this summer, would require plan sponsors to provide more information about investment options and a broader array of choices. Even if those pending regulations become law, employees will still have to take advantage of the new offerings.

The SEC is also on the move to bring 401(k) plans up to date. In a study released in late May, it championed the notion that investment funds offered in all such plans file annual reports and prospectuses. Under the proposal, the information provided would include a complete review of the fees being deducted from the fund's performance, information that is all but impossible to obtain under current rules. This information is becoming increasingly important, as companies have quietly shifted more of the cost of these plans onto employees.

Ideally, say the experts, a 401(k) plan should have at least a half-dozen investment options, although some companies offer more. Employees at Fidelity Investments select from over 45 mutual funds. That abundance reflects Fidelity's business. But even nonfinancial companies should offer six to ten options. In addition to GICs and bond funds, a good 401(k) should offer a small stock fund and an international stock fund, two classes of equities that have provided superior returns over the years. Index funds—which mirror the market's return and typically charge lower fees than other funds—should also be among the options. Such offerings are already available at some companies. Texaco has an S&P 500-stock index fund, IBM has a small stock fund, and Merck has an international stock fund.

What can you do if your plan falls short? First, complain to your management. After all, as employees bear more of the cost of their 401(k), they should have more of a voice in choosing or changing a plan. Keep in mind that expanding the number of choices should not increase the cost of the plan, since an employer typically buys all its services from one provider.

Meanwhile, get as much information as possible about your present plan. Employees have the right to examine the annual reports of their 401(k) plan, which your benefits department must make available to you. While these reports do not include such vital information as the portfolio turnover rate and the names of the investment managers, they do list the assets and investments in the plan, some of the expenses, and the performance figures for each fund.

Use this information to recast your allocation as aggressively as you can tolerate, making sure that you contribute the maximum allowed by law. Unless you expect to retire in the next seven years or so, just about all your 401(k) money should go into stocks. The more of your assets that you keep in equities, the higher your return should be.

If putting all your 401(k) eggs in the equity basket sounds too risky, remember that you may already have two big bond-like nest eggs—Social Security and your company pension plan—hatching quietly off your personal balance sheet. Those will put a roof over your head in retirement. The 401(k), if properly managed, can finance your dreams.

continued

REPORTER ASSOCIATE *William E. Sheeline*

WHAT BUSINESS

As President? Not much, was the short answer to FORTUNE's poll of top CEOs. But nearly half think he could get elected. And small business thinks he's great. ■ *by Thomas A. Stewart*

THEY LOVE him down at the Lions club and the bowling alley, but in the skyscrapers and on the golf courses where the CEOs of America's largest corporations work and play, the idea that Ross Perot might become President of the United States next January raises more eyebrows than hopes. Big-company bosses are much less likely to support their fellow executive's still unofficial quest for the presidency than small-business people or the average Joe and Jane.

That conclusion is based on dozens of interviews with corporate leaders and on a poll conducted exclusively for FORTUNE by the opinion research firm of Clark Martire & Bartolomeo. In the survey, taken from May 18 to 21, CEOs of America's largest corporations—the FORTUNE 500 and Service 500—were asked how they would vote if the election were held today. Result: Only one in ten would pick Perot. This from a group who said—nearly 2 to 1—that they thought a businessman would make a good President. It's *this* businessman that they don't like.

Who the CEOs would vote for

BUSH	78%
CLINTON	4%
PEROT	11%

Remainder undecided

The contrast with broader public opinion is striking: The week before our survey, a wide-ranging *Time*/CNN poll of adults favored Perot (33%) over both Bush (28%) and Clinton (24%). And the CEOs have heard this message. Despite the long odds against an independent candidate, nearly half—44%—believe Perot has a serious shot at winning.

So who do the big bosses like? George Bush, they guess. Of the 115 CEOs who responded, 78% say they would vote to return the President to the White House. Prognosticators, take note, however: Even among this crowd, Bush's support is of the old-mattress variety—soft and saggy. Many chief executives went out of their way to tell our pollsters that they would vote for Bush with little enthusiasm. But, hey, that's better than Arkansas Governor Bill Clinton, the all but certain Democratic nominee, fared. Only 4% would vote for him.

Because the poll guaranteed CEOs anonymity if they wanted it, the results cut through their normal reluctance to badmouth a man who could one day hold their fortunes in his hand. Says an oil company public relations man: "None of us likes Perot, but we don't want to talk about it. If he gets elected, we'll have to work with him." And this just in from a spokeswoman for Coca-Cola, who was asked if her CEO wanted to comment on Perot: "We think people of all parties do and should drink Coca-Cola." We couldn't agree more, though we prefer milk with apple pie.

Most of the big boys, though, like business as usual. They believe in the system, which, after all, has served them well. Bush may distress them, but Skull & Bones and the Petroleum Club are as comfortable as a natural-shoulder suit from Brooks Brothers.

One retired CEO, currently on the boards of five FORTUNE 500 companies and one of those who prefers anonymity, reports, "I haven't met anybody who doesn't think Perot would be an absolute disaster as President." When the Business Council, a corporate chieftain powwow, met at Hot Springs, Virginia, in May, its worthies were given this hypothetical question: What would you say if President-elect Perot asked you what is the most important thing he should do? Howard P. Allen, former CEO of Southern California Edison, didn't

Deep in the heart of Texas: Perot addresses

REPORTER ASSOCIATE *Rosalind Klein Berlin*

PHOTOGRAPH BY DAVID J. SAMS—SIPA

THINKS OF PEROT

supporters in Austin. The cartons hold the signatures of 231,000 voters, over four times what was needed to put him on the ballot in November.

have to think twice. "Resign," he said.

One big doubt in the executives' minds: just what Perot stands for. The iconoclastic Texan has said little so far about what his platform would be if he ran for President and won. Tilting at windmills is one thing; what would he do if he conquered one?

He has allowed that he loathes the federal deficit, and he seems determined actually to *do* something about it, though he has had trouble saying precisely what. He thinks rich folks like himself could pay more in taxes, and he would limit eligibility for entitlements like Medicare and Social Security through means testing. He is passionate about education: Eight years ago he browbeat the coaches, players, and fans of high school football—the toughest lobby in Texas, believe it or not—and got the state to decree that kids who couldn't pass their courses couldn't suit up for games.

Perot never has a mild opinion, but he has strong ideas that aren't easy to reconcile. A loud opponent of the Gulf war, the Annapolis grad has favored military adventurism in the past; though personally puritanical, he supports gay rights and is pro-choice on abortion. But topics like the cities, health care, and foreign policy in the post–Cold War era have not been addressed substantively by Perot. Alan Seelenfreund, CEO of McKesson Corp., the big San Francisco wholesaler, speaks for many corporate leaders when he laments "our complete lack of understanding of where he stands on major issues."

Perot has promised to address the big questions and says he has put teams of experts to work digging into the facts and looking for ideas. His track record suggests that once he focuses his attention, he makes up his mind fast. And once that happens, he can be as stubborn as poverty (for more on Perot's character, see the following article).

Thereby hangs another doubt in the minds of America's big businessmen. Most say that running a company requires a different set of skills from those demanded of political leadership—and they're not sure Perot has them. While 30% of those polled had done business with Perot—and three-fifths of them liked the experience—they tend to believe that the presidency is another game. Says Edward B. Brandon, chairman of National City Corp., the second-biggest bank holding company in Ohio: "I don't think his slam-bang style would serve the country well from the President's office. He would make a super benevolent dictator, but that's not our system."

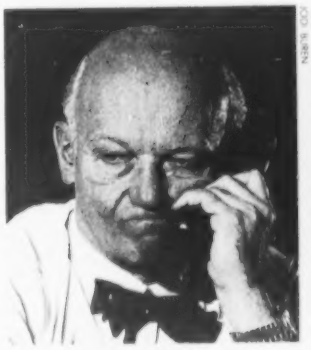
Adds Richard P. Wollenberg, CEO of Longview Fibre, a paper company in Washington State: "Perot's dead right—the federal government has done an abominable job. But I'm not sure he's the cure. He says he knows how to cooperate, but he didn't build a consensus at General Motors." Having sold his company to the auto giant, Perot ended up in a famous row with its management.

Byron Wien, the U.S. investment strategist at Morgan Stanley, thinks the GM episode is a touchstone: "I'm astonished the press has not focused on the impatience factor. General Motors is closer to the structure of the federal government than any company is. Eventually the frustrations of dealing with it drove him out." A well-known chief executive who has done business with Perot and doesn't care to repeat the experience sums up the feeling: What would be President Perot's strengths? "He's authoritarian and gets things done." His weaknesses? "Ditto."

Would Perot's hard-driving style really run into a brick wall in Washington? Richard H. Ayers, CEO of the Stanley Works, worries that "with Perot there's a risk that the gridlock in Washington could be even worse than it is now." H&R Block Chairman Henry Bloch thinks that "a dogmatic CEO like Perot would have difficulty functioning in Washington unless he could destroy Congress." Jack Albertine, former head of the American Business Conference, a lobbying group for fast-growth companies, speculates that a victorious Perot might cow the solons—for a while. "Congress would run scared for up to a year," he says. "Whether they'd eventually wear him down or not is another matter."

The disdain of America's corporate elite is not likely to bother Perot, whose respect for the establishment is less than complete. He has written scornfully of "these CEOs wandering around with their blow-dried hair, their $3,000 suits, their 23-year-old trophy wives." Anyway, as he knows full well, if the CEOs of every company on FORTUNE's lists of the 500 biggest industrial and service corporations lined up outside the same voting booth and pulled the lever for Bush, that probably wouldn't be enough to elect a dogcatcher in Enterprise, Alabama.

A few top executives, like Alan "Ace" Greenberg, CEO of Bear Stearns, are big supporters of Perot. Says Greenberg: "I've known Ross for ten years. I like him. I think he's brilliant. He's who I want for President." Despite his worries about potential gridlock, Stanley's Ayers has changed from being a Bushman to a mugwump: "I think



"I've known Ross for ten years. I like him. I think he's brilliant. He's who I want for President."

ALAN "ACE" GREENBERG
Bear Stearns

"He would make a super benevolent dictator, but that's not our system."

EDWARD B. BRANDON
National City Corp.

Would a business executive make a good President?

YES	65%
NO	19%
NOT SURE	16%

Could Perot be elected?

YES	44%
NO	53%
NOT SURE	3%

Perot is very refreshing. I'd be tempted to vote for him."

Where you really start to hear the fervor is from the nation of shopkeepers backing Perot. Gordon Betts, owner of a brass shop in Nevada City, California, speaks for legions of small-business owners and entrepreneurs when he says, "I'd vote for him in a minute. He's got moxie, and he's not in anybody's pocket."

Such supporters don't think of Perot as some sacrificial lamb—a George Wallace or Eugene McCarthy for the 1990s—whose defeat will allow them "to make a statement." They don't want to send a message to Washington; they want to send *Ross*. They want him to go in there and kick some butt, to quit piling up debt, and to throw the rascals out—bodily, if need be—from offices too cushy, limousines too long, and barbershops too subsidized. Says Ted Rozar, owner of a small telecommunications consultancy in New York City: "I couldn't care less about getting him on the ballot if I didn't think we could get him in the White House." That's rattling Wall Street, which doesn't like uncertainty. Says Morgan Stanley's Wien: "The possibility of an election being thrown into the House of Representatives is something we haven't faced since 1824. But America believes the system doesn't work. Perot's a real candidate."

What would be Perot's strengths as President?

STRONG LEADER	24%
DECISIVE	19%
FRESH VIEWS	17%
NO POLITICAL BAGGAGE	17%

His weaknesses?

NO POLITICAL EXPERIENCE	52%
CAN'T HANDLE CONGRESS	19%
TOO DOMINEERING	11%
UNCOMPROMISING	11%

Why the greater enthusiasm for Perot among small-business men? Partly it's the little guys' feeling that Perot is one of them. Banker John Canepa runs a big company—Old Kent Financial in Grand Rapids, Michigan, which has $9 billion in assets—but lots of his borrowers are small-business men. Canepa will probably vote for Bush, but thinks his customers will go for Perot: "Entrepreneurs like him. They see a lot of themselves in him."

Identification with Perot reaches a peak in Silicon Valley. "I'd definitely vote for him," says Andrea Cunningham, head of a fast-growing public relations company in Santa Clara that bears her name. "A lot of people here are pro-Perot." One is Steve Jobs, who got some $20 million in seed money from Perot in 1987 to help launch Next Inc.: "I've been encouraging him for the last five years to run for President."

But there's more to it than that. Two of Perot's hot buttons—recession and regulation—make small-business men jump too. "An economic downturn hurts big companies, but it can kill small ones," says Jack Albertine. As for regulations, no executive likes them, but large companies have departments full of clerks to handle the paperwork; little guys have to do it themselves and feel the pain in their personal posteriors. Says Jack Faris, head of the National Federation of Independent Business, which represents 585,000 companies with fewer than 200 employees: "Small-business owners are supposed to provide jobs and make America competitive, but they spend their time filling out government forms."

Even some business leaders who expect to vote for one of the major-party candidates seem to welcome Perot's presence on the political scene. Stanley Marcus, former CEO of Neiman Marcus, won't necessarily vote for Perot in November, but he anted up to help get his old friend on the ballot in Texas because he thinks Perot is forcing Bush and Clinton to talk about things they would just as soon the public forgot, like the national debt. Former FDIC head William Seidman, who isn't ready to say how he'll vote, pinpoints another aspect of Perot's appeal: "He's a can-do guy in an era where 'can't-do' has been a major theme."

The yearning for change and the fever of frustration are palpable even in CEOs who say they'll probably stick with Bush. Says McKesson's Seelenfreund: "If he could create a vision for the country, the way he did for his company, he could unite us and get us moving again. He could be our first John F. Kennedy since John F. Kennedy, and the country needs someone like that." As that statement hints, something remarkable seems to be happening in this already extraordinary election year: Perot has become more than a businessman, more than a politician, more than a billionaire. He's taking on mythic proportions. ■

HOTELS

UNITED STATES

Austin

Boston

Chicago

Chicago
(Ritz-Carlton)

Houston

Los Angeles

New York
(The Pierre)

Newport Beach

Philadelphia

San Francisco

Seattle

Washington, D.C.

CANADA

Montreal

Toronto

Toronto
(Inn on the Park)

Vancouver

UNITED KINGDOM

London
(Inn on the Park)

JAPAN

Tokyo

RESORTS

Minaki, Canada

Nevis, W.I.

Dallas
(Las Colinas)

Maui
(Wailea)

Santa Barbara
(The Biltmore)

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WHAT CEOs REALLY MAKE

It was a sneaky year: With profits down, salaries and bonuses held steady—but oh, boy, those option grants. Still, most of the big winners earned their money.

■ *by Shawn Tully*

FROM THE DIN of the campaign trail to the cross fire at annual meetings, the issue of executive pay is stirring outrage and cries for reform. FORTUNE's survey of CEO pay at 200 of America's largest companies indicates that the galloping rise in salaries and bonuses slowed to a walk last year in the face of sagging profits. But CEOs are still making more than you think: Companies are stuffing pay packages with a less visible but highly lucrative form of compensation, stock options and other stock grants. Top executive pay may be shifting vehicles, but it's still climbing.

FORTUNE's survey, prepared by Wyatt Co., a leading human resources and compensation consulting firm, examines pay differently from most surveys you've seen—and in a way that yields important insight. The difference centers on those stock grants, the fastest-growing element of CEO pay. The common practice is to report the gain a CEO gets when he exercises options or when other grants become vested, adding it to salary, bonus, and other compensation to produce a total pay figure. But that approach is seriously flawed: It misses an enormous amount of pay because CEOs commonly wait to exercise most of their options until after they retire, when their pay is no longer reported in public documents.

Our approach is to define pay as salary, bonus, and the estimated value of stock options and restricted stock *granted* in 1991. We also present long-term pay, mainly those reported values for gains on options exercised, in a separate column. The advantages are many:

■ Valuing options when they're granted rather than when they're exercised means major components of pay don't escape public notice.

■ This approach illuminates the most important trend in CEO pay, which the other surveys missed: the big increases in option grants.

■ Richard Breeden, chairman of the Securities and Exchange Commission, has asked his chief accountant to investigate making companies value option grants much as this survey does and to report the results in proxy statements. Here you get to see what that information could look like.

Placing a value on stock options when they're granted is speculative, to be sure. The executive may leave the company before the options become vested, in which case he forfeits them, and the stock price is hard to predict. Still, the risky but potentially spectacular gains on options give them tremendous value today. Using its own version of a widely employed economic model, Wyatt assigns the options a present value based on past performance of the company stock, dividends, and projected interest rates.

ROBERTO GOIZUETA

HAMISH MAXWELL

STANLEY GAULT

LAWRENCE BOSSIDY

WILLIAM SCHREYER

The survey reveals the importance of options and of restricted stock, shares given outright to an executive on the condition he not sell them for a certain period, typically three to five years. Median salary and bonus for our sample stood at $1.2 million, a tiny increase over 1990, according to Wyatt. But newly granted stock options and restricted stock added another $1.2 million to median 1991 pay, lifting the total to $2.4 million. While we didn't compare option grants from this year with those from preceding years, it certainly appears that companies are piling on the options. Says Michael Halloran, the Wyatt consultant who supervised the survey: "I'd estimate that the value of option grants rose at least 10% over 1990." The grants are especially lavish at the very top of the list. The 19 top-paid CEOs received a median of $8.8 million—or nearly 86% of their median total 1991 compensation—in stock grants.

MOST OF THOSE highly paid CEOs won't hear many complaints from shareholders. The top five have performed brilliantly. America's highest-paid CEO, Roberto C. Goizueta of Coca-Cola, received $58.9 million of compensation last year, $56 million in the form of a million-share restricted stock grant; he can't sell the shares until 1996. That's one of the largest stock grants ever seen—with the stock price up, its value has since risen to over $85 million—but consider that Coke's total return to shareholders has averaged a stunning 35% a year over the past decade, 43% a year over the past four years.

It's a similar story with Hamish Maxwell, Philip Morris's recently retired CEO. Even a $28.2 million farewell stock option grant

REPORTER ASSOCIATE *Kate Balken*

COMPENSATION FOR 200 TOP CEOs

Pay Rank	CEO, Company	1991 SALARY & BONUS (all dollar amounts in thousands)	VALUE OF 1991 STOCK GRANTS	TOTAL	% CHANGE FROM 1990 Salary & bonus	% CHANGE FROM 1990 Company profits	GAINS ON STOCK OPTIONS & OTHER LONG-TERM PAY	TOTAL RETURN TO INVESTORS 1987-91 Annual rate %	TOTAL RETURN TO INVESTORS 1987-91 Annual rate Rank
1	**ROBERTO C. GOIZUETA,** Coca-Cola	2,962	55,971	58,933	0	17.1	944	42.6	5
2	**HAMISH MAXWELL,** Philip Morris	1,741	28,201	29,942	(27.7)	(15.1)	13,937	38.8	8
3	**STANLEY C. GAULT,** Goodyear Tire & Rubber	735	21,801	22,536	N.A.	N.A.	0	(3.3)	171
4	**LAWRENCE A. BOSSIDY,** Allied-Signal	809	21,393	22,202	N.A.	(159.1)	0	10.9	101
5	**WILLIAM A. SCHREYER,** Merrill Lynch	5,850	9,908	15,758	255.6	262.8	6,921	26.7	28
6	**STEPHEN M. WOLF,** UAL	575	13,605	14,180	0	(451.4)	2,235	19.2	50
7	**NOLAND D. ARCHIBALD,** Black & Decker	1,336	12,194	13,529	3.4	3.7	270	(2.5)	167
8	**ROBERT E. ALLEN,** American Telephone & Telegraph	2,061	10,716	12,777	2.0	(80.9)	828	9.4	109
9	**RICHARD J. MAHONEY,** Monsanto	1,530	9,078	10,608	25.4	(45.8)	993	13.0	86
10	**JOHN F. WELCH JR.,** General Electric	3,207	7,047	10,254	7.5	(38.7)	1,894	14.7	75
11	**WILLIAM D. SMITHBURG,** Quaker Oats	1,405	8,805	10,210	30.4	21.8	2,238	15.8	68
12	**RICHARD D. WOOD,** Eli Lilly	2,218	7,893	10,111	24.5	16.6	3,857	20.9	43
13	**P. ROY VAGELOS,** Merck	3,344	6,356	9,701	N.A.	19.1	0	33.2	15
14	**RAND V. ARASKOG,** ITT	2,800	5,830	8,630	(28.0)	(14.7)	1,080	6.9	126
15	**H. BREWSTER ATWATER JR.,** General Mills	1,431	7,148	8,579	0	23.9	3,100	30.9	21
16	**DENNIS J. PICARD,** Raytheon	1,208	7,351	8,560	30.6	6.2	0	5.7	132
17	**LAWRENCE G. RAWL,** Exxon	1,813	6,596	8,409	16.9	11.8	7,453	12.3	90
18	**WILLIAM E. LAMOTHE,** Kellogg	1,852	6,245	8,098	19.4	20.5	7,080	25.5	29
19	**JAMES L. JOHNSON,** GTE	2,168	5,686	7,854	24.5	2.5	711	17.6	58
20	**J. PETER GRACE,** W.R. Grace	1,706	6,066	7,772	7.6	7.8	0	11.7	94
21	**RICHARD B. FISHER,** Morgan Stanley Group	7,622	0	7,622	111.4	75.9	0	38.9	7
22	**DARWIN E. SMITH,** Kimberly-Clark	1,428	5,819	7,247	4.4	17.6	0	19.4	48
23	**WILLIAM A. ANDERS,** General Dynamics	1,500	5,668	7,168	N.A.	N.A.	2,950	2.4	145
24	**WILLIAM J. ALLEY,** American Brands	1,826	4,860	6,686	12.2	37.0	89	18.9	52
25	**DREW LEWIS,** Union Pacific	2,025	4,492	6,517	6.0	(89.6)	2,131	17.3	61
26	**PAUL E. LEGO,** Westinghouse Electric	677	5,546	6,224	(59.7)	(505.2)	0	(6.8)	182
27	**ALFRED M. ZEIEN,** Gillette	1,112	4,949	6,061	41.6	16.0	2,724	40.5	6
28	**JOHN R. STAFFORD,** American Home Products	1,840	3,774	5,614	8.2	11.8	3,790	22.7	37
29	**RICHARD L. GELB,** Bristol-Myers Squibb	2,051	3,462	5,513	(2.4)	17.6	10,607	20.5	44
30	**MICHAEL D. EISNER,** Walt Disney	5,442	0	5,442	(51.6)	(22.8)	0	17.7	56
31	**ALAN C. GREENBERG,** Bear Stearns	5,299	0	5,299	25.8	20.2	0	22.9	36
32	**WILLIAM G. MCGOWAN,** MCI Communications	1,594	3,561	5,155	10.4	84.3	2,594	34.1	13
33	**JOSHUA S. WESTON,** Automatic Data Processing	879	4,162	5,041	12.7	7.6	536	19.3	49
34	**HAROLD A. POLING,** Ford Motor	1,141	3,892	5,033	N.A.	(362.5)	0	(6.4)	179
35	**CHARLES S. SANFORD JR.,** Bankers Trust New York Corp.	1,850	3,163	5,013	23.3	0.3	2,184	18.7	53
36	**JOHN A. YOUNG,** Hewlett-Packard	1,519	3,459	4,979	2.4	2.2	1,492	(0.4)	158
37	**DENNIS WEATHERSTONE,** J.P. Morgan & Co.	2,043	2,638	4,681	30.1	14.0	2,069	16.2	67
38	**WALTER V. SHIPLEY,** Chemical Banking Corp.	1,716	2,812	4,528	132.4	(47.1)	606	(3.1)	170
39	**RICHARD M. ROSENBERG,** BankAmerica Corp.	1,600	2,878	4,478	0	0.8	2,350	52.4	3
40	**DAVID R. WHITWAM,** Whirlpool	1,590	2,740	4,330	59.6	136.1	0	11.9	92
41	**JOHN S. REED,** Citicorp	1,150	3,062	4,212	1.0	(199.8)	0	(13.6)	191
42	**DAVID W. JOHNSON,** Campbell Soup	1,444	2,711	4,155	N.A.	9,025.0	0	31.7	20
43	**STEVEN J. ROSS,** Time Warner	4,064	0	4,064	24.5	N.A.	4,033	1.6	148
44	**ANDREW C. SIGLER,** Champion International	1,144	2,905	4,049	(7.7)	(81.8)	0	(8.7)	186
45	**ALLEN E. MURRAY,** Mobil	2,040	1,967	4,007	9.4	(0.5)	2,625	14.5	79
46	**KENNETH L. LAY,** Enron	1,754	2,201	3,955	14.2	19.8	2,467	14.9	74
47	**T. MARSHALL HAHN JR.,** Georgia-Pacific	1,500	2,435	3,935	0	(138.9)	704	11.6	95
48	**THOMAS G. LABRECQUE,** Chase Manhattan Corp.	1,180	2,744	3,924	73.5	N.A.	0	(6.6)	181
49	**EDGAR S. WOOLARD JR.,** E.I. Du Pont de Nemours	1,356	2,552	3,908	1.3	(39.3)	21	12.4	88
50	**RAY R. IRANI,** Occidental Petroleum	2,691	1,215	3,905	28.4	N.A.	149	(8.0)	184

Salary & bonus includes some long-term pay.
Profit declines over 100% reflect swings from 1990 profits to 1991 losses.

COMPENSATION

Pay Rank	CEO, Company	1991 SALARY & BONUS (all dollar amounts in thousands)	VALUE OF 1991 STOCK GRANTS	TOTAL	% CHANGE FROM 1990 Salary & bonus	% CHANGE FROM 1990 Company profits	GAINS ON STOCK OPTIONS & OTHER LONG-TERM PAY	TOTAL RETURN TO INVESTORS 1987–91 Annual rate %	TOTAL RETURN TO INVESTORS 1987–91 Annual rate Rank
51	**JOHN F. AKERS,** International Business Machines	1,575	2,327	3,902	(40.1)	(147.0)	921	(5.9)	177
52	**B. F. DOLAN,** Textron	2,860	959	3,818	N.A.[1]	6.0	175	14.6	76
53	**EDWIN L. ARTZT,** Procter & Gamble	1,806	2,003	3,809	25.8	10.7	372	21.5	42
54	**JOHN W. SNOW,** CSX	1,235	2,546	3,782	27.8	(165.4)	1,825	18.3	55
55	**JOSEPH T. GORMAN,** TRW	1,099	2,661	3,760	7.3	(167.3)	141	(2.9)	169
56	**TERRENCE MURRAY,** Fleet/Norstar Financial Group	1,402	2,215	3,617	85.5	N.A.	N.A.	2.3	146
57	**LODWRICK M. COOK,** Atlantic Richfield	1,674	1,893	3,567	(26.1)	(64.7)	2,009	11.4	97
58	**JAMES W. KINNEAR,** Texaco	1,667	1,842	3,509	(13.5)	(10.8)	1,566	14.1	80
59	**DUANE L. BURNHAM,** Abbott Laboratories	1,340	2,154	3,495	15.4	12.7	2,867	29.8	24
60	**DEAN L. BUNTROCK,** Waste Management	1,100	2,359	3,459	(30.5)	(11.5)	2,647	22.3	38
61	**CARL E. REICHARDT,** Wells Fargo & Co.	775	2,665	3,440	(47.2)	(97.1)	0	8.6	117
62	**GERALD GRINSTEIN,** Burlington Northern	1,180	2,244	3,424	(8.3)	(235.6)	0	(10.4)	187
63	**TED C. WETTERAU,** Wetterau	1,095	2,302	3,397	22.2	10.0	0	9.4	110
64	**RICHARD D. MCCORMICK,** US West	660	2,593	3,253	(22.5)	(53.9)	758	10.1	106
65	**ARNOLD B. MCKINNON,** Norfolk Southern	1,735	1,513	3,248	N.A.[1]	(94.7)	1,180	22.1	39
66	**RICHARD K. EAMER,** National Medical Enterprises	1,398	1,816	3,214	4.9	13.8	15,516	15.4	69
67	**CHARLES W. MORITZ,** Dun & Bradstreet	1,629	1,565	3,195	11.2	0.1	812	1.5	151
68	**CHARLES M. HARPER,** ConAgra	2,463	655	3,118	52.1	35.5	4,749	32.9	16
69	**WILLIAM R. HOWELL,** J.C. Penney	937	2,150	3,087	(6.3)	(86.1)	387	6.5	127
70	**ROBERT MCCLEMENTS JR.,** Sun	2,631[1]	440	3,072	N.A.[1]	(269.0)	0	(11.3)	189
71	**JOHN W. TEETS,** Dial	2,161	778	2,939	6.1	(451.8)	1,399	15.1	72
72	**N. J. NICHOLAS JR.,** Time Warner	2,900	0	2,900	22.8	N.A.	629	1.6	150
73	**MAURICE R. GREENBERG,** American International Group	1,950	889	2,839	11.4	7.7	0	19.7	46
74	**ANDREW T. DWYER,** JWP	574	2,253	2,827	(63.5)	1.6	1,733	25.3	30
75	**FRANK P. POPOFF,** Dow Chemical	1,069	1,757	2,826	14.6	(31.9)	256	(2.1)	164
76	**LEE A. IACOCCA,** Chrysler	976	1,835	2,811	(14.1)	(1,269.0)	2,020	(14.2)	195
77	**JOHN B. MCCOY,** Banc One Corp.	1,783	1,028	2,811	42.9	25.1	99	27.2	26
78	**H. LAURANCE FULLER,** Amoco	1,302	1,472	2,774	14.0	(22.4)	236	9.2	113
79	**MARTIN S. DAVIS,** Paramount Communications	2,750	0	2,750	(24.6)	(52.8)	2,281	2.2	147
80	**JAMES J. RENIER,** Honeywell	1,276	1,458	2,734	(13.1)	(13.3)	1,292	24.3	32
81	**JAMES D. ROBINSON III,** American Express	1,625	1,088	2,713	(9.6)	335.9	0	(2.4)	166
82	**WILLIAM C. FERGUSON,** Nynex	1,215	1,484	2,698	16.2	(36.7)	343	5.8	131
83	**ALLEN F. JACOBSON,** Minnesota Mining & Mfg.	1,301	1,386	2,687	2.4	(11.8)	1,216	9.5	107
84	**JAMES F. MONTGOMERY,** Great Western Financial Corp.	1,719	946	2,665	27.3	54.4	0	4.4	137
85	**KENNETH T. DERR,** Chevron	1,386	1,230	2,616	25.7	(43.3)	351	14.5	78
86	**GEORGE M.C. FISHER,** Motorola	1,118	1,493	2,611	20.1	(9.0)	0	7.0	124
87	**VERNON R. LOUCKS JR.,** Baxter International	1,786	814	2,599	2.1	1,377.5	2,524	15.1	73
88	**MELVIN R. GOODES,** Warner-Lambert	1,287	1,275	2,561	23.6	(92.8)	1,665	23.0	35
89	**NORMAN R. AUGUSTINE,** Martin Marietta	1,262	1,286	2,548	12.5	(4.4)	3,041	9.1	114
90	**RICHARD H. DEIHL,** H.F. Ahmanson	1,214	1,321	2,535	(0.9)	28.7	115	1.2	152
91	**WILLIAM C. STEERE JR.,** Pfizer	1,113	1,418	2,531	55.4	(9.9)	843	37.0	9
92	**LESLIE G. MCCRAW,** Fluor	1,111	1,400	2,511	23.6	9.5	2,191	33.6	14
93	**EDWARD A. BRENNAN,** Sears Roebuck	980	1,511	2,491	0.1	41.8	1,434	3.0	143
94	**PHILIP E. LIPPINCOTT,** Scott Paper	600	1,858	2,458	(0.5)	(147.2)	122	(0.2)	156
95	**R. J. VENTRES,** Borden	1,514[1]	936	2,450	N.A.[1]	(18.9)	0	7.4	122
96	**WILLIAM O. BOURKE,** Reynolds Metals	1,090	1,354	2,444	(24.4)	(48.0)	0	4.2	139
97	**JOSEPH E. ANTONINI,** Kmart	1,546	889	2,435	55.7	13.6	0	12.5	87
98	**BARRY F. SULLIVAN,** First Chicago Corp.	770	1,662	2,432	4.7	(53.3)	0	7.0	125
99	**ROBERT C. STEMPEL,** General Motors	1,000	1,402	2,402	15.1	N.A.	665	(2.1)	163
100	**ROBERT D. KENNEDY,** Union Carbide	808	1,583	2,391	(42.9)	(109.1)	0	(2.2)	165

[1]Salary & bonus includes some long-term pay. [2]1991 salary & bonus includes special severance pay. Profit declines over 100% reflect swings from 1990 profits to 1991 losses.

Pay Rank	CEO, Company	1991 SALARY & BONUS (all dollar amounts in thousands)	VALUE OF 1991 STOCK GRANTS	TOTAL	% CHANGE FROM 1990 Salary & bonus	% CHANGE FROM 1990 Company profits	GAINS ON STOCK OPTIONS & OTHER LONG-TERM PAY	TOTAL RETURN TO INVESTORS 1987-91 Annual rate %	TOTAL RETURN TO INVESTORS 1987-91 Annual rate Rank
101	**J. WILLARD MARRIOTT JR.**, Marriott	1,304	1,072	2,376	79.8	74.5	0	(13.5)	190
102	**SETH E. SCOFIELD**, USAir Group	467	1,886	2,353	22.5	N.A.	425	(22.6)	198
103	**ROBERT L. CRANDALL**, AMR	600	1,722	2,322	0	500.0	3,336	18.9	51
104	**MICHAEL W. WRIGHT**, Super Valu Stores	893	1,350	2,244	(1.3)	5.0	317	11.1	99
105	**PAUL A. ALLAIRE**, Xerox	1,083	1,159	2,242	(8.7)	87.2	507	4.6	136
106	**GEORGE J. SELLA JR.**, American Cyanamid	1,309	872	2,181	5.8	1.7	1,164	11.4	96
107	**LAURENCE A. TISCH**, CBS	1,383	765	2,148	2.4	(177.4)	0	(2.7)	168
108	**RALPH S. LARSEN**, Johnson & Johnson	1,253	887	2,140	N.A.	27.8	1,164	32.0	18
109	**DANIEL M. TELLEP**, Lockheed	1,225	885	2,110	21.1	(8.1)	90	7.1	123
110	**JOHN A. GEORGES**, International Paper	1,357	730	2,086	(5.8)	(67.7)	1,545	13.6	82
111	**RAYMOND W. SMITH**, Bell Atlantic	1,457	614	2,071	13.5	(117.0)	1,294	10.2	104
112	**HOWARD M. LOVE**, National Intergroup	2,052	0	2,052	125.4	(629.3)	313	3.9	141
113	**WAYNE CALLOWAY**, PepsiCo	1,912	133	2,045	0.6	0.3	0	31.9	19
114	**WILLIAM J. AGEE**, Morrison Knudsen	2,027	0	2,027	N.A.	2.0	432	10.1	105
115	**PAUL B. FIREMAN**, Reebok International	2,007	0	2,007	(86.5)	32.9	0	32.7	17
116	**DAVID D. GLASS**, Wal-Mart Stores	710	1,295	2,005	12.7	20.0	0	45.8	4
117	**DWAYNE O. ANDREAS**, Archer-Daniels-Midland	2,000	0	2,000	2.8	(3.5)	0	29.8	23
118	**HUGH L. MCCOLL JR.**, NationsBank Corp.	2,000	0	2,000	185.7	44.8	1,353	23.5	34
119	**JOHN L. CLENDENIN**, BellSouth	1,356	641	1,996	(1.2)	(9.8)	42	9.0	115
120	**DONALD E. MOFFITT**, Consolidated Freightways	623	1,345	1,968	N.A.	N.A.	0	(14.2)	194
121	**EDWARD H. BUDD**, Travelers Corp.	869	1,087	1,957	33.9	N.A.	0	(11.2)	188
122	**AUGUST A. BUSCH III**, Anheuser-Busch	1,879	56	1,935	8.1	11.6	4,776	16.5	65
123	**FRANK SHRONTZ**, Boeing	1,188	746	1,934	8.5	13.1	0	30.0	22
124	**VINCENT A. SARNI**, PPG Industries	1,039	888	1,927	(34.5)	(41.8)	701	11.1	100
125	**JAMES L. KETELSEN**, Tenneco	1,470	456	1,926	(21.8)	(237.8)	21	(5.5)	173
126	**DAVID A. JONES**, Humana	1,366	525	1,891	19.7	14.5	5,045	20.1	45
127	**RICHARD A. CLARKE**, Pacific Gas & Electric	1,461	390	1,851	32.9	4.0	0	17.2	62
128	**KENNETH A. MACKE**, Dayton Hudson	1,165	681	1,846	(28.8)	(26.9)	398	22.0	41
129	**ANDREW S. GROVE**, Intel	1,115	726	1,841	29.7	25.9	0	16.6	64
130	**C. J. SILAS**, Phillips Petroleum	825	1,001	1,826	(28.9)	(66.9)	1,317	14.5	77
131	**CHARLES F. KNIGHT**, Emerson Electric	1,804	0	1,804	1.6	3.0	0	12.2	91
132	**KAY R. WHITMORE**, Eastman Kodak	1,146	636	1,782	(19.0)	(97.6)	49	(0.2)	157
133	**CARL H. LINDNER**, Penn Central	875	906	1,781	18.6	(97.3)	0	6.4	128
134	**JOHN H. BRYAN**, Sara Lee	1,751	0	1,751	15.6	13.8	0	34.2	12
135	**REUBEN MARK**, Colgate-Palmolive	1,748	0	1,748	12.4	(61.1)	0	25.2	31
136	**CHARLES R. SHOEMATE**, CPC International	921	818	1,739	21.4	(0.3)	375	22.1	40
137	**RONALD W. ALLEN**, Delta Air Lines	475	1,257	1,732	(3.4)	(207.1)	563	15.2	71
138	**WILLIAM T. ESREY**, Sprint	905	748	1,653	(20.8)	19.0	1,470	16.9	63
139	**JERRY R. JUNKINS**, Texas Instruments	604	962	1,566	0.8	N.A.	5	(13.6)	192
140	**JOHN R. HALL**, Ashland Oil	1,038	524	1,562	(5.6)	(20.3)	0	0.9	153
141	**ROBERT F. DANIELL**, United Technologies	1,166	354	1,520	(14.1)	(236.0)	0	12.3	89
142	**DONALD R. BEALL**, Rockwell International	1,517	0	1,517	1.7	(3.7)	695	9.5	108
143	**J. L. SCOTT**, American Stores	1,511	0	1,511	1.6	9.3	528	7.7	121
144	**RICHARD J. STEGEMEIER**, Unocal	913	585	1,498	N.A.	(81.8)	0	13.3	84
145	**EDWARD L. ADDISON**, Southern	972	496	1,468	N.A.	45.0	0	10.5	103
146	**JOHN J. MURPHY**, Dresser Industries	1,071	387	1,458	(3.4)	(20.4)	579	11.7	93
147	**JAMES R. PAUL**, Coastal	814	609	1,423	(6.4)	(57.3)	913	9.3	112
148	**EDWARD E. CRUTCHFIELD JR.**, First Union Corp.	650	761	1,411	8.3	5.0	281	11.3	98
149	**ORION L. HOCH**, Litton Industries	1,406	0	1,406	5.3	(64.5)	0	5.1	134
150	**M. ANTHONY BURNS**, Ryder System	764	610	1,374	(1.5)	(67.2)	0	(6.3)	178

Salary & bonus includes some long-term pay.
Profit declines over 100% reflect swings from 1990 profits to 1991 losses.

COMPENSATION

Pay Rank	CEO, Company	1991 SALARY & BONUS (all dollar amounts in thousands)	VALUE OF 1991 STOCK GRANTS	TOTAL	% CHANGE FROM 1990 Salary & bonus	% CHANGE FROM 1990 Company profits	GAINS ON STOCK OPTIONS & OTHER LONG-TERM PAY	TOTAL RETURN TO INVESTORS 1987–91 Annual rate %	TOTAL RETURN TO INVESTORS 1987–91 Annual rate Rank
151	**ANTHONY J.F. O'REILLY,** H.J. Heinz	1,361	0	1,361	10.5	12.6	73,724	17.7	57
152	**JOHN SCULLEY,** Apple Computer	1,338	0	1,338	(39.2)	(34.8)	0	7.7	120
153	**CHARLES A. CORRY,** USX	1,313	19	1,332	(17.6)	(173.4)	821	(5.6)	174
154	**PRESTON R. TISCH,** Loews	1,324	0	1,324	6.3	12.4	0	13.1	85
155	**HANS W. BECHERER,** Deere	654	663	1,317	(36.2)	(104.9)	163	9.3	111
156	**RICHARD A. SMITH,** General Cinema	1,275	0	1,275	3.4	(363.5)	0	(0.7)	161
157	**WILLIAM L. WEISS,** Ameritech	1,270	0	1,270	(1.9)	(7.0)	911	10.5	102
158	**KENT KRESA,** Northrop	1,261	0	1,261	12.1	(4.6)	946	0.7	154
159	**PAUL H. O'NEILL,** Aluminum Co. of America	562	697	1,259	(31.8)	(78.8)	655	8.4	118
160	**THOMAS H. CRUIKSHANK,** Halliburton	1,200	0	1,200	9.1	(86.5)	427	2.6	144
161	**WILLIAM P. STIRITZ,** Ralston Purina	1,198	0	1,198	3.1	(1.1)	12,615	15.3	70
162	**JOHN F. WOODHOUSE,** Sysco	1,067	110	1,177	(5.3)	16.1	0	36.0	11
163	**ROGER W. STONE,** Stone Container	804	343	1,147	N.A.[1]	(151.5)	1,206	1.8	148
164	**GEORGE H. WEYERHAEUSER,** Weyerhaeuser	515	616	1,131	(53.4)	(141.1)	528	1.8	149
165	**ROBERT CIZIK,** Cooper Industries	1,124	0	1,124	(16.3)	8.8	5,175	19.6	47
166	**SAM L. GINN,** Pacific Telesis Group	1,114	0	1,114	15.6	(1.5)	727	13.4	83
167	**LOUIS E. AZZATO,** Foster Wheeler	903	193	1,096	(11.7)	13.0	60	17.5	59
168	**RICHARD D. SANFORD,** Intelligent Electronics	1,093	0	1,093	26.4	30.6	0	73.3	1
169	**JAMES T. LYNN,** Aetna Life & Casualty	1,087	0	1,087	1.9	(17.8)	0	(0.6)	159
170	**LEON MACHIZ,** Avnet	1,064	0	1,064	(6.9)	9.0	101	3.4	142
171	**WILSON H. TAYLOR,** Cigna	1,058	0	1,058	3.0	36.1	623	8.3	119
172	**HERBERT M. SANDLER,** Golden West Financial Corp.	775	255	1,030	7.5	32.0	0	36.6	10
173	**MARION O. SANDLER,** Golden West Financial Corp.	775	255	1,030	7.5	32.0	0	36.6	10
174	**KENNETH H. OLSEN,** Digital Equipment	995	N.A.	995	1.3	(930.0)	0	(20.0)	196
175	**J. CARTER BACOT,** Bank of New York Co.	836	154	990	(10.7)	(60.4)	68	4.3	138
176	**DONALD V. FITES,** Caterpillar	523	464	987	25.3	(292.4)	0	(7.8)	183
177	**SOUTHWOOD J. MORCOTT,** Dana	574	403	977	10.4	(82.1)	0	(4.7)	172
178	**KENNETH N. PONTIKES,** Comdisco	896	0	896	(41.7)	(27.4)	0	4.2	140
179	**WILLIAM C. MCCORD,** Enserch	650	228	878	(34.4)	(76.5)	51	(5.8)	176
180	**JOHN F. MCDONNELL,** McDonnell Douglas	851	0	851	47.2	38.2	0	5.0	135
181	**DANIEL B. BURKE,** Capital Cities/ABC	842	0	842	(7.2)	(28.1)	2,839	5.9	130
182	**WILLIAM D. RUCKELSHAUS,** Browning-Ferris Industries	806	0	806	0	N.A.	0	(5.7)	175
183	**RAY B. MUNDT,** Alco Standard	743	43	786	(29.4)	10.7	865	13.7	81
184	**E. DEAN WERRIES,** Fleming	764	0	764	11.8	(297.6)	322	5.9	129
185	**JAMES R. UKROPINA,** Pacific Enterprises	594	169	763	(24.8)	N.A.	440	(14.2)	193
186	**DAVID W. GRAINGER,** W.W. Grainger	744	0	744	3.3	0.8	174	16.5	66
187	**JOSEPH A. PICHLER,** Kroger	600	131	731	(21.4)	(3.1)	91	(6.5)	180
188	**LARRY L. PRINCE,** Genuine Parts	667	57	723	18.2	0.5	158	8.6	116
189	**LAURENCE E. HIRSCH,** Centex	693	0	693	7.8	(29.7)	0	26.8	27
190	**JACK TWYMAN,** Super Food Services	681	0	681	(8.0)	(29.0)	268	0.2	155
191	**ROBERT E. MARTINI,** Bergen Brunswig	676	0	676	55.7	(2.9)	0	18.4	54
192	**EDWARD M. CARSON,** First Interstate Bancorp	665	0	665	(26.8)	(161.5)	145	(8.1)	185
193	**FREDERICK W. SMITH,** Federal Express	662	0	662	14.4	(94.9)	0	(0.7)	160
194	**CARL H. LINDNER,** Chiquita Brands International	400	257	657	0	36.8	0	27.5	25
195	**PHILIP H. KNIGHT,** Nike	654	0	654	20.4	18.1	0	64.5	2
196	**DAVID R. BANKS,** Beverly Enterprises	588	0	588	5.1	125.4	286	5.4	133
197	**WILLIAM E. BINDLEY,** Bindley Western	511	0	511	(10.4)	70.5	0	24.1	33
198	**ALFRED T. MCNEILL,** Turner Corp.	365	22	387	(13.5)	N.A.	0	(21.1)	197
199	**HAROLD B. FINCH JR.,** Nash Finch	380	0	380	7.0	6.9	0	(1.8)	162
200	**LEON HESS,** Amerada Hess	300	0	300	0	(82.5)	0	17.5	60

[1]Salary & bonus includes some long-term pay.
Profit declines over 100% reflect swings from 1990 profits to 1991 losses.

is hard to argue with when you look at an average 35% annual total return to investors over the past decade. A couple of new CEOs received huge stock grants and have produced impressive results remarkably fast. Stanley Gault, former CEO of Rubbermaid, took over at Goodyear last June with the stock at 30; recently it was around 73. Lawrence Bossidy worked a similar transformation at Allied-Signal. The stock was at 33 when he quit as General Electric's vice chairman and took Allied's helm last summer; it was lately at 59. Merrill Lynch's stock nearly tripled last year—and profits more than tripled—under William Schreyer, who just retired as CEO.

Look carefully and you'll see that two companies on this list share a single CEO, while two others have a pair each. Carl Lindner heads Penn Central (No. 133) as well as Chiquita Brands (No. 194). (A triple threat, he is also CEO of American Financial, not included here because it is privately held.) Lindner gets his big payoff from large holdings of company stock and is a bargain for the shareholders at Chiquita. He paid himself a modest $657,000 in 1991, when Chiquita's profits grew 37%.

Congress teems with proposals to lower executive pay. This year's numbers should fan the flames.

America's most famous co-CEO is Steven J. Ross of Time Warner (No. 43), who shared the title with N. J. Nicholas Jr. (No. 72) until February, when Nicholas was pushed out and Gerald Levin succeeded him. Ross received just over $4 million in salary and bonus last year, plus a nearly identical amount through an unusual arrangement. When Time bought Ross's former company, Warner, in 1990, it bought out his equity participation plans for $196 million. Ross got a widely publicized $78 million right away, with the rest going into a trust account to be invested and paid to him over eight years. Part of each year's payout represents the original money put into the account, and part represents investment earnings on the account. This second portion is tax deductible for Time Warner as compensation expense. Ross's contract stipulates that an amount equal to the tax benefit be paid to him. (Time Warner is the parent of FORTUNE's publisher.)

The other paired CEOs on the list are the Sandlers, Marion (No. 173) and husband Herbert (No. 172), who have been running Golden West Financial for 28 years. Cohabiting CEOs are rare but perhaps worth more companies' consideration: Golden West has returned an average 33% a year to shareholders for a decade.

Pressed by angry shareholders and politicians, the SEC is thinking of changing reporting requirements for executive pay. The commission may issue new guidelines this summer for presenting compensation data in annual proxy statements, such as requiring companies to compare trends in executive pay with corporate performance. The object is apparently to make fathoming CEO pay easier. "Companies have favorite tricks that make compensation hard to comprehend, like lumping three years of grants together," says Halloran. "New rules from the SEC could put an end to the gimmicks."

The SEC has already started to give shareholders a voice in executive compensation. This year, for the first time, it has required companies to put shareholder proposals on executive pay to a vote. The results are nonbinding but could embarrass many companies. Proposals from small shareholders at four corporations—including IBM and Bell Atlantic—won a respectable percentage of the vote.

Politicians from across the spectrum are seizing on the pay issue. Congress teems with proposals to push down executive pay. This year's numbers should fan the flames. F

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AMERICAN BRANDS	24	CHASE MANHATTAN CORP.	48	FOSTER WHEELER	167	MERRILL LYNCH	5	SPRINT	138
AMERICAN CYANAMID	106	CHEMICAL BANKING CORP.	38	GENERAL CINEMA	156	MINNESOTA MINING & MFG.	83	STONE CONTAINER	163
AMERICAN EXPRESS	81	CHEVRON	85	GENERAL DYNAMICS	23	MOBIL	45	SUN	70
AMERICAN HOME PRODUCTS	28	CHIQUITA BRANDS INTL	194	GENERAL ELECTRIC	10	MONSANTO	9	SUPER FOOD SERVICES	190
AMERICAN INTL. GROUP	73	CHRYSLER	76	GENERAL MILLS	15	MORGAN (J.P.) & CO.	37	SUPER VALU STORES	104
AMERICAN STORES	143	CIGNA	171	GENERAL MOTORS	99	MORGAN STANLEY GROUP	21	SYSCO	162
AMERICAN TEL. & TEL.	8	CITICORP	41	GENUINE PARTS	188	MORRISON KNUDSEN	114	TENNECO	125
AMERITECH	157	COASTAL	147	GEORGIA-PACIFIC	47	MOTOROLA	86	TEXACO	58
AMOCO	78	COCA-COLA	1	GILLETTE	27	NASH FINCH	199	TEXAS INSTRUMENTS	139
AMR	103	COLGATE-PALMOLIVE	135	GOLDEN WEST FINANCIAL	172,173	NATIONAL INTERGROUP	112	TEXTRON	52
ANHEUSER-BUSCH	122	COMDISCO	178	GOODYEAR TIRE & RUBBER	3	NATL. MEDICAL ENTERPRISES	66	TIME WARNER	43,72
APPLE COMPUTER	152	CONAGRA	68	GRACE (W.R.)	20	NATIONSBANK CORP.	118	TRAVELERS CORP.	121
ARCHER-DANIELS-MIDLAND	117	CONSOL. FREIGHTWAYS	120	GRAINGER (W.W.)	186	NIKE	195	TRW	55
ASHLAND OIL	140	COOPER INDUSTRIES	165	GREAT WESTERN FINANCIAL	84	NORFOLK SOUTHERN	65	TURNER CORP.	198
ATLANTIC RICHFIELD	57	CPC INTERNATIONAL	136	GTE	19	NORTHROP	158	UAL	6
AUTOMATIC DATA PROC.	33	CSX	54	HALLIBURTON	160	NYNEX	82	UNION CARBIDE	100
AVNET	170	DANA	177	HEINZ (H.J.)	151	OCCIDENTAL PETROLEUM	50	UNION PACIFIC	25
BANC ONE CORP.	77	DAYTON HUDSON	128	HEWLETT-PACKARD	36	PACIFIC ENTERPRISES	185	UNITED TECHNOLOGIES	141
BANKAMERICA CORP.	39	DEERE	155	HONEYWELL	80	PACIFIC GAS & ELECTRIC	127	UNOCAL	144
BANKERS TRUST N.Y. CORP.	35	DELTA AIR LINES	137	HUMANA	126	PACIFIC TELESIS GROUP	166	USAIR GROUP	102
BANK OF NEW YORK CO.	175	DIAL	71	INTEL	129	PARAMOUNT COMM.	79	US WEST	64
BAXTER INTERNATIONAL	87	DIGITAL EQUIPMENT	174	INTELLIGENT ELECTRONICS	168	PENN CENTRAL	133	USX	153
BEAR STEARNS	31	DISNEY (WALT)	30	INTERNATIONAL PAPER	110	PENNEY (J.C.)	69	WAL-MART STORES	116
BELL ATLANTIC	111	DOW CHEMICAL	75	INTL. BUSINESS MACHINES	51	PEPSICO	113	WARNER-LAMBERT	88
BELLSOUTH	119	DRESSER INDUSTRIES	146	ITT	14	PFIZER	91	WASTE MANAGEMENT	60
BERGEN BRUNSWIG	191	DUN & BRADSTREET	67	JOHNSON & JOHNSON	108	PHILIP MORRIS	2	WELLS FARGO & CO.	61
BEVERLY ENTERPRISES	196	DU PONT (E.I.) DE NEMOURS	49	JWP	74	PHILLIPS PETROLEUM	130	WESTINGHOUSE ELECTRIC	26
BINDLEY WESTERN	197	EASTMAN KODAK	132	KELLOGG	18	PPG INDUSTRIES	124	WETTERAU	63
BLACK & DECKER	7	EMERSON ELECTRIC	131	KIMBERLY-CLARK	22	PROCTER & GAMBLE	53	WEYERHAEUSER	164
BOEING	123	ENRON	46	KMART	97	QUAKER OATS	11	WHIRLPOOL	40
BORDEN	95	ENSERCH	179	KROGER	187	RALSTON PURINA	161	XEROX	105
BRISTOL-MYERS SQUIBB	29	EXXON	17	LILLY (ELI)	12	RAYTHEON	16		
BROWNING-FERRIS IND.	182	FEDERAL EXPRESS	193	LITTON INDUSTRIES	149	REEBOK INTERNATIONAL	115		

HOW JAPAN GOT BURNED IN THE U.S.A.

Japanese manufacturers have been dismayed by how much money they are losing in America. Many are cutting back on investment, and some are pulling out. ■ *by Emily Thornton*

REMEMBER JAPAN, the country that could not say no to investing in the United States? You know, the economic giant that bought office buildings, golf courses, and sometimes whole companies at outrageously high prices? Remember it, because those days are over.

Takeovers of American companies have dropped sharply, and Japanese interest in real estate has melted like the Rockefeller Center skating rink in April. During the go-go years after the yen strengthened in 1985, the state of Ohio's Tokyo office was arranging site tours in the U.S. every week and announcing at least one new Japanese investment a month. This year tours have shrunk to one a month at most, and Ohio expects only three new investments for the whole year.

A survey by the New York investment bank Ulmer Bros. shows that mergers and acquisitions in the U.S. involving Japanese companies fell to 122 in 1991, from 194 the previous year, with the dollar value dropping from $11.9 billion to $3.8 billion. Kenneth Leventhal & Co., a Los Angeles accounting firm, expects Japanese real estate investments this year to total $3 billion to $5 billion, down from a high of $16.5 billion in 1988.

Is this just a reaction to recession? Partly. Japanese companies in the U.S. are hurting as much as their American counterparts. At home, where the financial and real estate markets are still in shambles, Japan's industrial giants are finding it hard to raise cash while facing their worst losses ever.

But there's more to it. Many Japanese companies no longer regard the U.S. as a land of opportunity. Entering the vast American market is easy, managers say, but costs are high; you're liable to be sued by somebody eventually or to be singled out and embarrassed in the U.S.-Japan cross fire. Behind these new attitudes is the growing Japanese backlash against the Japan bashing that has grown so virulent in the U.S.

Japanese investment won't stop altogether. But the nature of it will surely change. Here are trends to look for:

■ LESS MANUFACTURING, MORE R&D DEALS. Japanese companies used to say that they would export to the rest of the world from their American transplants.

Daihatsu is leaving Raleigh, North Carolina—and the U.S. Europe and Asia are more profitable.

PHOTOGRAPHS BY WILL MCINTYRE

Now those plans have been quietly shelved. Costs are lower and growth rates higher in Southeast Asia and Mexico. Without export potential, these companies say, they have overinvested because they are producing more in the U.S. than the American market can absorb.

New Japanese investment will be in R&D-related business alliances with American companies through which Japan can acquire technology (see table). This may benefit high-tech startups looking for venture capital, but it won't bring many jobs for ordinary workers. And it will further rattle those Americans who think the Japanese are already grabbing too much U.S. technology.

■ **LAYOFFS.** Job security was one thing Japanese transplants implicitly offered U.S. workers. That will vanish as more U.S. operations go into the red. Many companies are trading workers for robots.

■ **DEPARTURES.** Hitachi is moving VCR and TV manufacture from California to Mexico. In March, Mitsubishi Materials canceled plans to build a copper smelter in Texas after five years of delays. The company had spent $11 million, half on legal and consulting fees. Toshiba has shifted microwave production back to Japan.

Though Daihatsu Motor did not manufacture cars in the U.S., it had built a network of 250 dealers. This spring the company said it would discontinue production in Japan of the two car models it has been selling in the U.S. since 1987. Industry analysts suspect automaker Isuzu may stop selling in the U.S. too.

RECENT LOSSES have apparently stunned even those Japanese managers who traditionally have been willing to forgo profits now in hopes of building U.S. market share for the long run. "It's not that we don't think long term anymore," says Yukitoshi Ono, a general manager at Daihatsu Motor. "It's just that we don't see ourselves making a profit even in the long term."

Japanese manufacturing operations in the U.S. had losses totaling $751 million in fiscal 1990, the most recent year for which figures are available. Bridgestone has lost $850 million since acquiring Firestone Tire & Rubber in 1988.

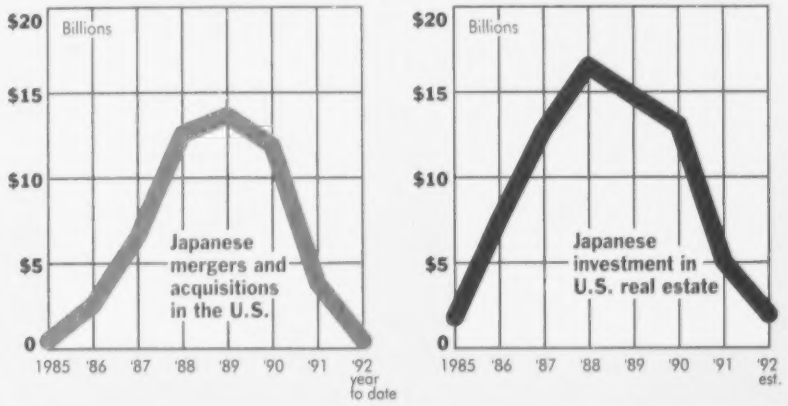
Part of the problem is simple economics. It's tougher to make it in the U.S. today because the competition is fiercer. Seven Japanese automakers have set up American production facilities. They sell 70 models in the U.S. The Japanese produce 1.5 million cars and trucks a year in the U.S. and bring in another 1.76 million from Japan. Nissan, a powerhouse in Japan that manufactures in Tennessee, is especially troubled (see Corporate Performance).

Yukio Suzuki, a senior analyst at Nomura Research Institute, predicts that the situation will worsen by the end of the 1990s. By then, he says, the American market will be able to sustain only three Japanese transplants. Says he: "A general withdrawal will not occur this year or next. Many companies will wait for an improvement in the U.S. economy. But if they continue having losses, they will figure that the problem is not the economy but their own management. They will leave and never return."

Nor is the picture very bright for Japanese parts makers. Says Sukehiro Itoh, senior economist at the Industrial Bank of Japan: "Three hundred auto suppliers rushed to the U.S. to set up local production facilities. About 60% are now in the red."

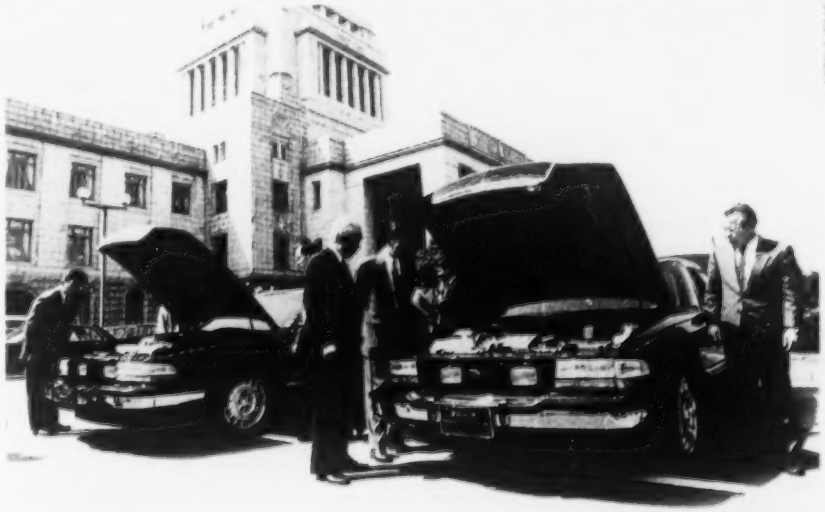
Some companies have found business in America too tough for other reasons. Says Hiroshi Nakamura, the Mitsubishi Materials executive who was trying to build a cop-

TAKEOVERS HAVE PEAKED ... AS HAVE PROPERTY DEALS



FORTUNE CHARTS / SOURCES: ULMER BROTHERS, KI & CO.

To mollify American critics, the Japanese government bought two Buicks, here on display in front of Parliament. But Japanese executives who run U.S. operations think antagonism is increasing.



JAKARTA HANDRI

per smelter in Texas: "It is difficult to construct a plant when environmental regulations become stricter every year. We had hoped to transfer our technology to the U.S. Now we are planning just to use the technology in a joint venture in Thailand."

Besides economics, much of the new sour mood among executives in Japan stems from what they see as increasingly anti-Japanese attitudes in the U.S. The Japanese are less angry than disillusioned. Nobody is banging away at Lincolns in Tokyo (as a Pennsylvania car dealer did to an old Honda Civic). Some Japanese executives, like Koichi Danno, vice president of Mitsubishi Heavy Industries, even empathize. Says he: "I am not in a position to give any advice to the U.S. government. But if I were an American citizen I would tell my government to stop temporarily importing some specific Japanese products for a certain period of time while strengthening the U.S. industries concerned."

Most, however, have become uneasy about the U.S. Says Shigeo Muraoka, managing director of Fujitsu Ltd.: "Until a few years ago most of the people who criticized Japan were in Washington, D.C., but if you went to various states you didn't find that sentiment among the governors or people working at our factories." He hasn't been to the U.S. lately, so he really doesn't know whether that situation has changed. But he *thinks* it has, and that's the point.

Adds Keiya Toyonaga, the head of international affairs at Matsushita Electric: "In the case of Germany or Soviet Russia, the Americans were against Nazism or communism, but they never criticized the people of those countries. After reading *The Rising Sun* (a new novel by Michael Crichton), I sensed a disgust with the Japanese people themselves. I have never felt so disturbed in all my life. And it's an American best-seller!"

Akiya Imura, CEO of Matsushita Electric Corp. of America, has been living happily in New Jersey for six years. He says he hates to criticize the U.S., then adds that he "can't help feeling" that "unfair attention" is paid to cases of racial or sexual discrimination at Japanese companies. Says he: "American companies have similar problems, but only when we have them do they come to the surface." That may be overstated, but again it's the perception.

Ever since Los Angeles County canceled its $122 million contract with Sumitomo Corp., more Japanese executives are calling the U.S. "unfair." Recent patent disputes have fueled the resentment. Says Chairman Ryuzaburo Kaku of Canon Inc., which Loral Fairchild is suing for patent infringement: "The U.S. patent system is being used like the Buy American movement."

IN ITS ANNUAL REPORT this year, the Ministry of International Trade and Industry (MITI) for the first time called the U.S. protectionist. MITI accused Washington of regularly departing from the General Agreement on Tariffs and Trade (GATT) by introducing voluntary import restraints and threatening unilateral action against Japan.

Industry organizations are joining the fray. The Japanese Automobile Manufacturers Association posed this question in a recent magazine: "Does a car need to be identified with the national flag of its maker? Yes, say some political forces around the world. They are trying to put Japanese flags on cars produced in the U.S. by American workers, or cars produced in Europe by European workers, only to discriminate against them. Is it fair?"

Will the U.S. economy suffer as a result of Japanese disengagement? Though some economists worry that it will, such fears are exaggerated. At the height of the boom, many Japanese investors paid too much for assets. That was good for sellers, but it distorted true values and heightened the excesses that led to the office building bust.

Americans shouldn't take too much comfort, however, from the fact that some Japanese companies can't make it in Peoria. In many cases, closing American operations or moving them to Mexico or Malaysia will make Japanese companies more competitive. Now that's something to worry about.

REPORTER ASSOCIATES *Thomas J. Martin, Suneel Ratan, and Cindy Kano*

JAPAN'S TOP HIGH-TECH INVESTMENTS

U.S. COMPANY	STATE	JAPANESE BUYER	INDUSTRY	YEAR	TYPE	PRICE in millions
Gould	Ill.	Nippon Mining	Semiconductor equipment	1988	Acquisition	$1,100
AVX	N.Y.	Kyocera	Advanced materials	1990	Acquisition	$575
Natl. Advanced Systems	Calif.	Hitachi	Computers	1989	Acquisition	$398
Shaklee	Calif.	Yamanouchi Pharmaceuticals	Biotechnology	1989	Acquisition	$395
Verbatim	Calif.	Mitsubishi Kasei	Computers	1990	Acquisition	$250
Electronic Metallurgy	Pa.	Kobe Steel	Electronics	1989	Acquisition of division	$250
Elco (div. of Wickes)	Calif./ Pa.	Kyocera	Electronics	1989	Acquisition of division	$250
UCAR Carbon	Conn.	Mitsubishi	Advanced materials	1990	50% investment	$233
Oracle Systems	Calif.	Nippon Steel	Computers	1991	9.8% investment	$200
Discovision	Calif.	Pioneer Electronics	Electronics	1989	Acquisition	$200
Silicon Systems	Calif.	TDK	Semiconductors	1989	Acquisition	$200
Wiltron	Calif.	Asahi	Telecomm.	1990	Acquisition	$180
Unisys	Pa.	Mitsui	Computers	1990	5% investment	$150
Chase Aircraft	Fla.	CIT Group	Aerospace	1991	Acquisition	$130
Gen-Probe	Calif.	Chugai Pharmaceuticals	Biotechnology	1989	Acquisition	$110
ICI	Pa.	Kawasaki Steel	Advanced materials	1991	Acquisition of division	$100
Next	Calif.	Canon	Computers	1989	16.6% investment	$100
Roberts Pharmaceuticals	N.J.	Yamanouchi Pharmaceuticals	Biotechnology	1992	29% investment	$95
Tri Gas	Texas	Nippon Sanso	Semiconductor equipment	1992	Acquisition	$88
NL Spencer Kellogg	Texas	Dainippon Ink & Chemical	Advanced materials	1989	Acquisition of division	$86

The Japanese are investing less in U.S. manufacturing and more in deals that give them technology.

SOURCE: THE TOKYO STOCK EXCHANGE, ECONOMIC STRATEGY INSTITUTE